

CITY OF CENTER LINE CITY POLICY

Comprehensive Utility Billing Policy

Policy #101-2015-001

Effective Date - January 1, 2015

1.0 Purpose

The purpose of the Comprehensive Utility Billing Policy is to establish and document utility billing procedures.

2.0 Scope

This policy shall apply to all customer utility accounts as well as city personnel charged with administration of utility billing. This policy overrides/supplants all previous utility billing policies in whole and operates under the local authority of city ordinances contained under chapter 74, "Utilities".

The following utility billing topics are addressed in this policy:

- 3.1 Page 1 - Billing Period and Due Dates
- 3.2 Page 2 - Application of Payment
- 3.3 Page 2 - Penalty and Interest Charges on Delinquent Accounts
- 3.4 Pages 3 – 5 - Shut Off Policy and Procedures
- 3.5 Pages 5 – 6 - Water Turn on Policy and Procedures
- 3.6 Page 6 - Transferring Utility Bills to the Tax Roll
- 3.7 Pages 7 – 10 - City Payment Plan Programs
- 3.8 Page 10 - Area Maintenance Meters
- 3.9 Page 10 - Pool Fill Credit Program (termination of)
- 3.10 Page 11 - Overpayment / Refund Policy and Procedures
- 3.11 Page 11 - Final Bills
- 3.12 Page 11 – 13 - Pipe Repair Program

3.0 Policy

3.1 Billing Period and Due Dates

A. All utility customers shall be billed at the beginning of the month, with the bill due at the end of the same month on a uniform two (2) month cycle on the following months:

- i. February
- ii. April
- iii. June
- iv. August
- v. October
- vi. December

B. All utility bills will be due thirty (30) days after the bill is generated. -CONTINUED-

3.2 Application of Payment

- A. When a payment is applied to an account, the priority order of charges paid with that payment shall be as follows:
- i. Penalty charges
 - ii. Delinquent utility charges
 - iii. Current utility charges

3.3 Penalty and Interest Charges on Delinquent Accounts

- A. A 5% penalty shall be assessed if a bill is not paid by the date due listed on the bill.
- i. The penalty is a one-time charge, which means that a bill will only be assessed a penalty once, even if it is delinquent upon a subsequent bill being due.
 - ii. "Interest" as defined by previous City utility billing policies will cease to be charged. Only "Penalty" as defined above will be charged.

3.4 Shut Off Policy and Procedures

- A. Authority for Shut Off of Utility Services
- i. The provision from state law authorizing local governments to shut off utility services is contained within the Revenue Bond Act of 1933, also known as MCL 141.121, and also known as PA 94 of 1933, as amended by PA 216 of 1978.
 - a. The relevant portion of this act reads as follows: *"In addition to any other lawful enforcement methods, the payment of charges for water service to any premises may be enforced by discontinuing the water service to such premises and the payment of charges for sewage disposal service to any premises may be enforced by discontinuing either the water service or the sewage disposal service to such premises, or both. The inclusion of the above methods of enforcing the payment of charges for water and sewage disposal, in any ordinance heretofore adopted is hereby validated."*
 - b. This public act is further validated by case law as decided by the Michigan Supreme Court, *Ripperger v. City of Grand Rapids*, on February 18, 1954.
 - c. Local authority is governed by city ordinance 74-76 as validated by the aforementioned MCL 141.121 and further described by the procedures written in this Comprehensive Utility Billing Policy.

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B. Criteria for Shut Off

- i. The delinquent account must meet both of the following requirements to be in shut off status: (A) thirty (30) or more days past due, and (B) have a delinquent balance of \$100 or more.

C. Shut Off Process

- i. Accounts meeting shut off criteria will be mailed shut off notices.
 - a. The shut off notice will request payment within thirty (30) days, inform the customer of the City's payment plan program, and list aid organizations such as the State of Michigan Department of Human Services.
 - b. Shut off notices shall be sent to the owner and tenant/occupant of the property as defined by City Assessor records unless a Landlord Tenant Affidavit (LTA) is on file for the property in accordance with MCL 123.165, in which case a shut off notice shall be sent to just the tenant on file.
- ii. A "Twenty-Four (24) Hour Notice" door hanger shall be delivered to the address being shut off after the thirty (30) day deadline from the shut off notice has passed.
 - a. The door hanger will indicate the date on or after which service may be legally terminated due to lack of payment.
- iii. In order for a shut off to be avoided, one of the following must occur: (A) payment of the 'shut off amount' must be made, (B) a City Payment Plan must be established, or (C) an agency guaranteed payment (see part 'iv' below) in an amount equal to or greater than the 'shut off amount' must be received. One of these options must occur before the work order for shutting off water at the curb is executed by Department of Public Works personnel.
 - a. The 'shut off' amount shall be determined using the criteria in section 3.4(B) and will be listed on the original mailed shut off notice.
 - b. Once water is shut off, turn on fees will apply. See section 3.5.

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iv. Agency guaranteed payment

- a. The City Treasurer's Office will create and maintain a list of approved government agencies and charitable organizations whose promissory letters of payment will be treated as cash equivalent payment, except as follows:
 - 1) In all cases, if the promissory letter requires any matching payments to be paid by the customer, the promissory letter of payment will not be treated as a cash equivalent until such customer payment has been made.
- b. A promissory letter of payment must be on the organization's letterhead and must be delivered via fax, email, or U.S. mail. It cannot be delivered by the customer in person.
- c. An organization shall be added to the list of approved government agencies and charitable organizations as follows:
 - 1) The Treasurer or their designee shall call the organization to verify existence.
 - 2) If there is concern regarding ability to pay, a financial statement may be requested by the Treasurer or their designee.
 - 3) Once on the list, an organization or agency will stay on the list until a disqualifying event, which shall be defined as non-payment of promised funds, or upon discovery by city officials of disqualification per the Internal Revenue Service as a non-profit or government agency.

D. Shut offs involving bankruptcies

- i. If the owner of the property is in the process or has completed a bankruptcy case in the United States Bankruptcy Court, then delinquent utility bills being discharged or being considered for inclusion in discharge of debt and/or a bankruptcy chapter 11 plan shall not count towards delinquent totals as defined in section 3.4(B). These amounts, if not paid, will be transferred to tax. See section 3.6.
- ii. If the tenant of a property that has no LTA filed in accordance with MCL 123.165 is in the process or has completed a bankruptcy case in the United States Bankruptcy Court, the utility bill will still be considered the responsibility of the owner and the bankruptcy will be considered to have no impact on shut off criteria as defined in section 3.4(B).

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- iii. If the tenant of a property that has an LTA filed in accordance with MCL 123.165 is in the process or has completed a bankruptcy case in the United States Bankruptcy Court, then delinquent utility bills being discharged or being considered for inclusion in discharge of debt and/or a bankruptcy chapter 11 plan shall not count towards delinquent totals as defined in section 3.4(B). These amounts, if not paid within one (1) year of the bankruptcy court decision (i.e., such as a 'Discharge of Debtor Notice'), will be transferred to a collection agency.

3.5 Water Turn on Policy and Procedures

A. Water turn on fees

- i. Water turn on fees will be adopted annually by City Council as part of the budget process. Fees will be included in the "Schedule of City Fees and Charges for Services".
- ii. Water turn on fees will be changed as of the effective date of this policy to the fee structure as outlined: (A) Regular water turn on fee = \$25, (B) 'after hours' water turn on fee = \$60 where 'after hours' is defined as outside the regular business hours of the department of public works, (C) Weekend and/or Holiday water turn on fee = \$115. As of July 2015, the governing document for such fees shall be the budget document's "Schedule of City Fees and Charges for Services".

B. Water turn on for properties shut off due to non-payment

- i. The customer must pay the 'shut off amount' as defined in 3.4(B) plus a water turn on fee.

C. Water turn on for properties with utility bills transferred to tax

- i. The customer must pay a water turn on fee plus a deposit equal to the higher of (A) \$200 or (B) sum of the previous two 'current' billings. 'Current billings' is defined as the total billed amount less delinquent charges.
- ii. The deposit may not be used to pay for subsequent delinquent bills, including shut off amounts due.
- iii. Upon a subsequent shut off on an account for which a deposit has been placed, the deposit amount shall be applied against the shut off balance due.
- iv. If a customer is required under this Comprehensive Utility Billing Policy to place a deposit on their account in order to have service restored, and then they subsequently have their service shut off due to lack of payment, the original deposit applied to the account under point (iii) above must be repaid to the City along with the shut off amount calculated using the criteria defined by section 3.4(B).

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- v. Absent a LTA filed with the City in accordance with MCL 123.165, a deposit will always be returned to the owner of record at the time the deposit was placed on the utility account. A deposit may be refunded upon one of the following occurring:
 - a. If the owner of the property is responsible for the utility bill, a property transfer affidavit being filed with the City Assessor's office showing change of ownership of the property.
 - b. If the tenant/occupant of the property is responsible for the utility bill because of a filed LTA with the City in accordance with MCL 123.165, the former tenant must bring in both a government-issued ID (such as a driver's license) along with a utility bill showing the new address at which the former tenant now resides.

3.6 Transferring Utility Bills to the Tax Roll

- A. Transferring utility bills to the tax parcel associated with the account occurs only under one of the following conditions (either the entirety of condition (i) or the entirety of condition (ii)) being met:
 - i. An active or shut off utility account which has a delinquent balance and the owner of the property (if no LTA has been filed with the City in accordance with MCL 123.165) is currently in the process of bankruptcy proceedings with the United States Bankruptcy Court.
 - ii. A utility account in shut off status for which no LTA has been filed with the City in accordance with MCL 123.165.
- B. When a utility bill is transferred to the tax parcel associated with the account, the entire balance of the bill shall be transferred, and an administrative charge of 10% shall be added onto the balance of the bill transferred to the tax parcel.

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3.7 City Payment Plan Programs

A. One-Time Payment-in-Full Program

- i. A customer of any account zoning classification (residential, commercial, or industrial), may pay the balance in full, less penalty charged to the account.
 - a. *Example: A customer has a utility balance due in the amount of \$1,000, of which \$700 is for delinquent water, sewer, and garbage service, \$150 is for current water, sewer and garbage service, and the remaining \$150 is for penalty on delinquent amounts. The customer would pay \$850 and the \$150 of penalty would be waived, resulting in a total balance of \$-0-.*

B. Residential Payment Plan Program Policy and Procedures

- i. A residential customer may avoid shut off and pay down their delinquent bill by paying the current bill PLUS \$100 of the delinquent charges each billing period until the bill is paid-in-full. The City shall waive all penalty previously charged and exempt the account from subsequent penalty charges on delinquent balances during the term of the repayment of said balances in exchange for successful completion of the program.
- ii. Eligibility (both (a) and (b) must apply)
 - a. The program shall be open to any residential utility accounts.
 - b. The occupant (either owner or tenant) must not have used the residential payment plan program in the past. Note that 'occupant' is different in definition than the legally responsible party for the utility account.
- iii. Signing up and making payments
 - a. The occupant as defined in section 3.7(B)(ii)(b) above must come to City Hall to complete the sign up form.
 - b. The payment required at the time of signing up for the payment plan shall be equal to the current utility billing charges PLUS \$100.
 - 1) *Example: A customer signs up for a residential payment plan that has a total utility account balance of \$1,000. \$165 of this balance is for current utility bill charges. \$700 of the balance is for delinquent utility charges, and the remaining \$135 is for penalty charges. The customer would pay \$265 at the time of signing the agreement (\$165 for current charges PLUS \$100) and the total remaining bill would be \$600 (\$1,000 initial balance less penalty waived of \$165 less payment of \$265).*

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- c. Beginning with the subsequent bill, the customer would pay the current amount due PLUS \$100. This process would repeat until the customer no longer owed any delinquent balance.

1) *Example: The customer in the example above gets a new bill for \$675. \$75 of the new balance due is for current charges while \$600 represents the remaining delinquent balance. The customer would pay the City \$175 by the new bill's due date in order to remain in the Residential Payment Plan Program (\$75 for the current utility charges and \$100 per the terms of the agreement). The customer would have a remaining balance due of \$500. If the customer made all payments and stayed on the payment program for the duration of the plan, the customer's delinquent balance would be paid off after five (5) more bills (10 months).*

iv. Defaulting on the program

- a. Defaulting occurs when a customer fails to pay the current amount due PLUS \$100 as defined in section 3.7(B)(iii)(c) by the due date on the current bill.
- b. All penalty waived under the program shall be added back to the customer's account.
- c. When a default occurs, the account is automatically placed in shut-off status and the shut-off process begins as described in section 3.4(C).
- d. The shut-off amount shall be calculated as defined in section 3.4(B).

C. Business Payment Plan Program Policy and Procedures

- i. A business (commercial or industrial) customer may avoid shut off by paying the current portion of the utility bill plus an additional fixed payment over six (6) total bills equal to the amount of the delinquent balance. The City shall waive all penalty previously charged and exempt the account from subsequent penalty charges on delinquent balances during the term of the repayment of said balances in exchange for successful completion of the program.
 - a. If penalty to be waived is greater than \$1,000, the City Council is required to approve the waiver.

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ii. Eligibility

- a. The program shall be open to any commercial or industrial utility customers.

- 1) A commercial or industrial utility customer is defined as the owner of the property for which the utility account(s) is/are servicing (i.e., business owners that do not own the property the utility account is servicing are not eligible for this program).

- b. The utility customer must not have used the program in the past.

iii. Signing up and making payments

- a. The responsible party as defined in section 3.7(C)(ii)(a)(1) above must come to City Hall to complete the sign up form.

- b. When the agreement is signed, the customer must pay the current bill plus a payment equal to $1/6$ of the total delinquent balance.

- 1) *Example: A business owner signs up for the Business Payment Plan who has a total utility balance of \$3,000. \$1,000 is for current utility charges, \$1,500 is for delinquent utility charges, and \$500 is for penalties. Upon signing the agreement, the business owner must pay \$1,250 (\$1,000 for the current bill and \$250 ($\$1,500 / 6$) for the delinquent payment). The remaining balance still due is \$1,250 (\$3,000 due less \$1,250 paid less \$500 of penalties waived).*

- c. On subsequent bills, the payment equal to $1/6$ of the originally-delinquent balance shall be a fixed payment due in addition to current utility charges. This shall continue to be paid on each subsequent bill until the delinquent charges are paid-in-full.

- 1) *Example: The business owner in the example above receives a new utility bill. The utility bill shows a balance due of \$2,000. The business owner will pay the City \$1,000 (Current charges of \$750 (\$2,000 less delinquent balance of \$1,250 from example above) PLUS the flat payment of \$250). If the business owner stays on the plan, the delinquent balance would be paid off after four (4) more utility bill payments.*

iv. Defaulting on the payment plan

- a. Defaulting occurs when a customer fails to pay the current utility charges due PLUS the fixed payment as defined by section 3.7(C)(iii)(b) by the due date on the current bill.

- b. All penalty waived under the program shall be added back to the customer's account.

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- c. When a default occurs, the account is automatically placed in shut-off status and the shut-off process begins as described in section 3.4(C).
- d. The shut-off amount shall be calculated as defined in section 3.4(B).
- v. For business payment plans, the City Council reserves the right to intervene and override City payment plan programs as it sees fit for extraordinary circumstances. Such interventions will require formal approval of special plans and conditions, etc. by the City Council.

D. Grandfathered Plans

- i. All payment plans currently in effect as of the original effective date of this policy shall be honored in whole and shall not be modified in any way.

3.8 Area Maintenance Meters

- A. An area maintenance meter is a secondary meter that does not have sewer charged to it because it is used exclusively for external water activities (which do not involve the sewer system); such as filling pools, sprinkler systems, etc.
- B. A customer can request an area maintenance meter to be permanently installed at the utility service address by calling or visiting City Hall. The cost of the area maintenance meter shall be equal to the cost charged by the vendor of the meter to the City (i.e., provided to the customer at the City's cost).
- C. Area maintenance meters shall not have ready-to-serve flat utility fees charged to them.

3.9 Pool Fill Credit Program

- A. As of the effective date of this policy, the City will terminate the Pool Fill Credit Program.
- B. For customers who have used this program in the past, an area maintenance meter will be offered to the customer at a rate equal to 50% of the City's cost for the meter. The offer will expire one (1) year from the effective date of this policy.

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3.10 Overpayment / Refund Policy and Procedures

A. The City does not accept pre-payments on utility bills.

B. Overpayment and Refund procedures

- i. When a check is mailed to the City to pay a bill that is due, but is due for less than the amount of the check, the cashiers shall accept the check and record the amount in excess of what was due to a refund account (g/l # 592-000-275.000) so that a refund can be issued to the utility customer.
- ii. When a check is mailed to the City to pay a customer account that already has been paid and/or has no balance due, the cashier shall prepare a memo to the customer stating that no balance was due on the utility bill, shall have the Treasurer approve the memo, and shall mail the original check along with the approved memo back to the utility customer.
- iii. Under no circumstances shall a cashier apply excess utility customer payments to other City payment types, such as the customer's tax bill, etc.
- iv. When a cashier receives a check through the mail that does not indicate what the check is to pay, the cashier shall prepare a memo to the customer stating that additional information is needed to post the payment, shall have the Treasurer approve the memo, and shall mail the original check along with the approved memo back to the customer.

3.11 Final Bills

- A. A 'final bill' can be requested for a variety of reasons, such as a tenant moving out of a property or due to the closing of a real estate transaction.
- B. Final bills can be requested over the phone or in-person at City Hall.
- C. Final bills are fulfilled by the utility billing clerk.
- D. As of the effective date of this policy, there will be no charge for this service.

3.12 Pipe Repair Program

- A. Under this program, an eligible customer can have the sewer portion of their bill waived if the City's Building Department personnel can confirm that leaking water did not go into the sewer system.

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B. Customer Claim Procedures

- i. In order to initiate a waiver of sewer charges under the pipe repair program, the utility customer must have the damaged water pipe repaired.
- ii. City Building Department personnel shall inspect and verify the pipe repair and plumbing in the impacted area of the property to verify that water did not go into the sewer system.
- iii. City personnel reserve the right to request invoices for related repairs and services in order to drain water from the impacted area (if applicable).

C. Customer Credit Calculation

- i. To determine the credit, the following procedures shall be followed:
 - a. Step 1: Billed usage from the last billing period and from the billing period one year ago would be referenced.
 - b. Step 2: The higher usage of the two periods would be subtracted from current usage to determine the sewer usage that would be credited out of the customer account.
 - 1) *Example: A customer applies for a pipe repair program waiver for their August bill. They have current usage of 150 units. The usage from their June bill is 25 units, and the usage from their prior year August billing is 22 units. To calculate the credit, the 25 units of usage from the June bill would be subtracted from the current usage of 150 units to determine the units of sewer usage to be credited ($150 - 25 = 125$ unit credit).*
 - c. Step 3: The difference as calculated in step 2 (section 3.12(C)(i)(b)) would then be multiplied by the current sewer rate in order to determine the credit amount.
 - 1) *Example: The customer's credit of 125 units would be multiplied by the current sewer usage rate. City personnel would need to confirm if the meter read in gallons or cubic feet. In this example, the meter reads in gallons. The sewer charge per unit as of the current bill is \$6.3760. The credited usage as calculated above is 125 units. The credit to the customer utility account is \$797 (125 units multiplied by \$6.3760).*
- ii. In the event that unreasonably high or low usage exists in both measurement periods, the City Treasurer would personally review the account and be authorized to determine a fair credit amount. If calculated in this manner, the credit amount would be capped at no more than 50% of the total sewer usage on the bill being credited.

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- a. Credits determined by Treasurer review which exceed \$300 require the City Manager to sign off on the credit.
- b. Credits determined by Treasurer review which exceed \$1,000 require City Council approval of the credit.
- iii. All penalties accrued on a customer account when a credit is being determined, either via standard credit calculation or Treasurer review, shall be waived.

4.0 Definition

- 4.1 **"Current Utility Charges"** shall be defined as the sum of all charges for the current billing period, which can be determined by adding the following three components (1) multiplying current usage by the current water and sewer rates, (2) adding the ready-to-serve flat fee, and (3) adding the flat garbage fee.
- 4.2 **"Business Hours"** shall be defined to be the regular business hours of the Department of Public Works. As of the effective date of this policy, those hours are 7:30am – 4:00pm Monday through Friday with the exception of holidays.
- 4.3 **"Landlord Tenant Affidavit (LTA)"** shall be defined by MCL 123.165 as, "The lien created by this act shall, after June 7, 1939, have priority over all other liens except taxes or special assessments whether or not the other liens accrued or were recorded before the accrual of the water or sewage system lien created by this act. However, this act shall not apply if a lease has been legally executed, containing a provision that the lessor shall not be liable for payment of water or sewage system bills accruing subsequent to the filing of the affidavit provided by this section. An affidavit with respect to the execution of a lease containing this provision shall be filed with the board, commission, or other official in charge of the water works system or sewage system, or both, and 20 days' notice shall be given by the lessor of any cancellation, change in, or termination of the lease. The affidavit shall contain a notation of the expiration date of the lease."

5.0 Responsibilities

The City Finance Director/Treasurer has lead responsibility for ensuring compliance with this policy and training the Front Office Staff to properly complete the procedures as outlined in this policy. Responsibility for procedures as outlined throughout the policy is the responsibility of those charged with the completion of the procedures, which absent of a noted party shall be the Front Office Staff.

6.0 Authority

- 6.1 This policy was adopted by City Council at a regular meeting on September 8, 2014. Certification of said adoption is documented at the bottom of the policy.

-----Employees are not responsible for information below this line-----

7.0 References

7.1 The following references were utilized in preparation of this policy.

7.1.1 Previous utility billing policies and current practices.

7.1.2 Michigan Water Liens (PA 178 of 1939); specifically referenced MCL 123.165.

7.1.3 The Michigan Revenue Bond Act (PA 94 of 1933, as amended); MCL 141.121.

7.1.4 Michigan Supreme Court decision, "Ripperger v. City of Grand Rapids", dated February 18, 1954.

8.0 Revisions

8.1 This policy shall be reviewed every three years.

8.2 Revision history:

8.2.1 First issued September 8, 2014.

POLICY DECLARED ADOPTED.

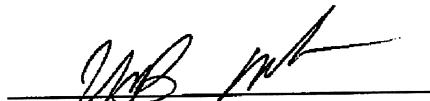
CITY CLERK'S CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a policy adopted by the City Council of the City of Center Line at a meeting held on September 8, 2014, and that said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

I further certify that the following Council Members were present at said meeting: Mayor David Hanselman, Council Persons Mary Hafner, Ron Lapham, Robert Binson, and Nick Chakur and that the following Council Members were absent: None.

I further certify that Council Member Hafner moved adoption of said policy and Council Member Lapham supported said motion.

I further certify that the following Council Members voted for adoption of said policy Mayor David Hanselman, Council Members Mary Hafner, Ron Lapham, Robert Binson and Nick Chakur and that the following Council Members voted against adoption of said policy: none.


John B. Michrina
City Manager/Clerk

Dated: